

**City of Reading  
City Council  
Work Session  
Monday, March 16, 2009**

**Councilors Attending:** V. Spencer, S. Fuhs, M. Goodman-Hinnershitz, D. Sterner, S. Marmarou, M. Baez, J. Waltman

**Others Attending:** L. Kelleher, C. Younger, C. Heminitz, R. Hottenstein, M. Mayes, R. Natale, L. Olsen and M. Candelario from the Blighted Property Review Committee, S. Bennett and E. Tran from Properties of Merit

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Mr. Spencer called the work session to order at 7:15 p.m.

**Managing Director's Report**

The Managing Director's Report was distributed. Questions about the report should be directed to Mr. Hottenstein after the meeting.

**Properties of Merit**

Mr. Spencer invited Mr. Olsen and Ms. Bennett, from Properties of Merit to the table. Mr. Olsen, representing the Blighted Property Review Committee (BPRC), stated that while the BPRC works to address the rehabilitation and demolition of blighted properties, they are also interested in finding a method to recognize property owners who keep their properties in good repair. The Properties of Merit program was introduced to the BPRC by Eric Weiss. He stated that Properties of Merit made a presentation to the BPRC at their February meeting. After discussing the presentation and the program, the BPRC decided they are interested in bringing the program to Reading and are seeking Council's support. He introduced Sam Bennett and Elizabeth Tran from Properties of Merit.

Ms. Bennett distributed materials on the program. She explained that the mission of the program is to encourage property owners to maintain the exterior of their properties. She stated that the program was born in a New York college town to improve the appearance of properties. The program moved into the Allentown area in 1998. She stated that this program works to reduce blight in communities. She stated that Governor Rendell supports this program. The program has spread into approximately 20 Pennsylvania communities. The program is fully staffed and is self supporting, although the State provides some

seed money. She stated that the program does not require City funding and is focused solely on the rehabilitation of the community. She described the program, which uses block captains to provide management and the accompanying awards reception to honor outstanding property owners. She also described the evaluation and voting process. She added that the program is based on the Community, not the elected officials. She noted the rich architecture in Reading.

Ms. Goodman-Hinnershitz stated that the program is impressive, as it builds on the assets of the community. She inquired how this program will mesh with existing programs such as the City's facade program. Mr. Olsen stated that there are a variety of ways the program could be organized in Reading. He stated that the program could be coordinated through Reading Beautification or stand alone.

Mr. Sterner inquired if the program provides resources to assist people with home improvement projects. Ms. Bennett stated that Home Depot and other sponsors donate materials and in-kind support, along with volunteers to assist with improvement projects.

Mr. Marmarou inquired if the program will also benefit absentee landlords. Ms. Bennett stated that the program is only concerned with the appearance of all properties and does not focus on ownership. She noted that the program aligns itself with the Broken Window theory.

Mr. Spencer thanked Properties of Merit and the BPRC for introducing this program.

### **Housing Permit Process Update**

#### **Proposed Amendment to the Housing Permit Process**

Mr. Hottenstein stated that the proposed amendment will begin to incorporate the recommendations from Mr. Weiss and Mr. Kromer. This first amendment will re-term the phrase "housing permit" with "rental registration".

Mr. Natale announced the Administration's desire to remove the current requirements for a rental registration application to include a business license, zoning permit and property insurance. He stated that a section in the proposed amendment will allow the backlog of registration applications to be processed.

## **Zoning Process**

Mr. Mayes stated that Codes transfers rental applications to zoning after the codes check list is completed. After the zoning checklist is completed, the property is forwarded to the Administrative Hearing Officer (AHO) for approval. Properties with discrepancies or additional units are forwarded to either the Zoning Hearing Board or City Council. Ms. Kelleher noted that the property scheduled for a Conditional Use Hearing this Wednesday is one of those properties with discrepancies.

Mr. Waltman requested that Mr. Mayes and the zoning office use the Administrative Hearing process carefully. He noted that this process was developed for properties that are long standing rentals who have had housing permits and who have complied with the terms of the ordinance.

Ms. Kelleher asked Mr. Mayes when the last AHO hearing occurred. Mr. Mayes stated that the last AHO hearing was about two weeks ago. Ms. Kelleher stated that the Council office tracks the properties going through the AHO process but has not received an AHO agenda for approximately six months.

Mr. Sterner questioned the meaning of the term "rental registration." Mr. Natale stated that this term will be used to replace the term "housing permit."

Ms. Goodman-Hinnershitz noted the importance of the combined work of Codes, Zoning and Council staff to identify and track illegal rentals. She noted her appreciation of the increased efficiency this effort provides.

Mr. Marmarou asked Mr. Natale how Codes uses the lists of illegal rentals provided by Council staff. Mr. Natale explained that six property maintenance inspectors are assigned to the illegal rental area. After reviewing the lists and doing exterior inspections, the inspector will attempt to contact the owner. If the owner fails to respond, the property is then posted with a yellow notice that again notifies the property owner to contact the Codes Office. If the owner fails to respond again, the property is placarded with a red or orange notice for shut down. He noted that when a property is posted with an orange or red notice, the property owner usually responds quickly. He stated that at this stage the property owner must pay a \$150 fee to remove the placard in addition to the other fees. Mr. Natale noted that property owners who do not respond usually own rental properties that are not in livable condition. He described the process used to assist displaced tenants.

Mr. Marmarou inquired if this process will continue after the collection agency is brought on. Mr. Hottenstein replied affirmatively, noting that Codes focuses on compliance and the collection agency will focus on collection of old fees and taxes.

Mr. Spencer inquired if Codes is now cashing the checks submitted for the rental process as the fee is un-refundable. Mr. Hottenstein stated that the checks are cashed on receipt and the Hansen database is updated regularly by Codes and Zoning staff respectively.

Ms. Goodman-Hinnershitz expressed the belief that this process has worked to improve some properties.

Mr. Marmarou asked Mr. Younger to define the term "rent." He noted the situation at a rental property in the 1500 block of Linden Street. He stated that these tenants do not pay rent to the property owner but pay utility bills and other household expenses. Mr. Younger stated paying household expenses constitutes paying rent. He stated that our definition is broad enough to include the payment of household expenses. Mr. Marmarou stated that one of the Legal Specialists provided a differing opinion. He asked Mr. Younger to correct the Legal Specialist.

Mr. Waltman noted the need for the Administration to make this process a priority. He expressed belief in the process developed two years ago. He expressed his belief in the process and the overall improvements this process will provide to the rental housing area. He noted the need for zoning and codes to strictly adhere to the ordinance.

Mr. Mayes expressed his belief in the assessment zoning applies to the rental registration process and the accountability of zoning staff. He noted the magnitude of the rental housing problems. He stated that in the past staff attempted to encourage property owners to comply by issuing reminder letters. He stated that zoning will no longer provide a reminder service to those who have ignored entering the City's process. These property owners will now enter the enforcement process.

#### **Requiring Rental Properties to Provide Proof of Property Insurance**

Mr. Younger expressed the belief that the City can require rental properties to have property insurance. He stated that properties under mortgage are required

to have property insurance. Ms. Kelleher noted that many rental properties are purchased with cash through foreclosure or at tax sale. She noted that due to the economic crisis, property transactions have slowed dramatically. This slow down can provided the City time to catch up with the enforcement of illegal rentals.

Mr. Waltman noted the need for the City to apply steady and creative legal focus on this issue.

### **Ability to Attach to the Personal Assets of the Owners of Rental Properties**

Mr. Younger stated that the City already attaches to the assets of rental property owners in applicable cases.

Mr. Fuhs noted the need for codes and zoning to develop and apply improved horizontal management of the rental issue to develop best practices. Ms. Goodman-Hinnershitz agreed and suggested further discussion on this issue. She requested that the Administration prepare flow charts that lay out the application process.

Mr. Hottenstein expressed confidence that staff will improve the management of the rental property process.

Mr. Spencer expressed the belief that the Administration has improved the management of rental housing. He stated that Council appreciates the effort of the Administration to manage this issue. He stated that Council looks forward to continued updates on the rental housing process. Mr. Fuhs and Mr. Sterner agreed and thanked Mr. Mayes and Mr. Natale for their efforts to fight the application bottleneck.

As no further business was brought forward, the work session was adjourned.

*Respectfully submitted by Linda A. Kelleher CMC, City Clerk*

### **FOLLOW-UP ISSUES**

- Select Properties of Merit areas
- Schedule Properties of Merit Community Reception
- Copy Council Office w/ AHO Agendas and listing of the rental properties approved
- Amendment to the Prop. Maintenance Code to allow ticketing system

- Flow Chart showing the rental registration process
- Update on the rental housing issue